



Residential Refuse Program

Newport Beach City Council

Tuesday, September 10, 2013

Presentation Summary

- Newport Beach and Outsourcing (Dave)
- About Our Refuse Program (Mark)
- About the RFP and Responses (HF&H)
- Service (Mark)
- Key Issues Raised (Dave)
- Conclusion/Recommendation

1 - A Safe Community

- Police
- Fire – EMS
- Lifeguarding

2 - Newport Beach's Aesthetic

- Parks
- Beaches
- Medians
- Streets
- Facilities

3 - An Active Community

- Outdoors
- Recreation
- Seniors
- Libraries
- Arts/Cultural

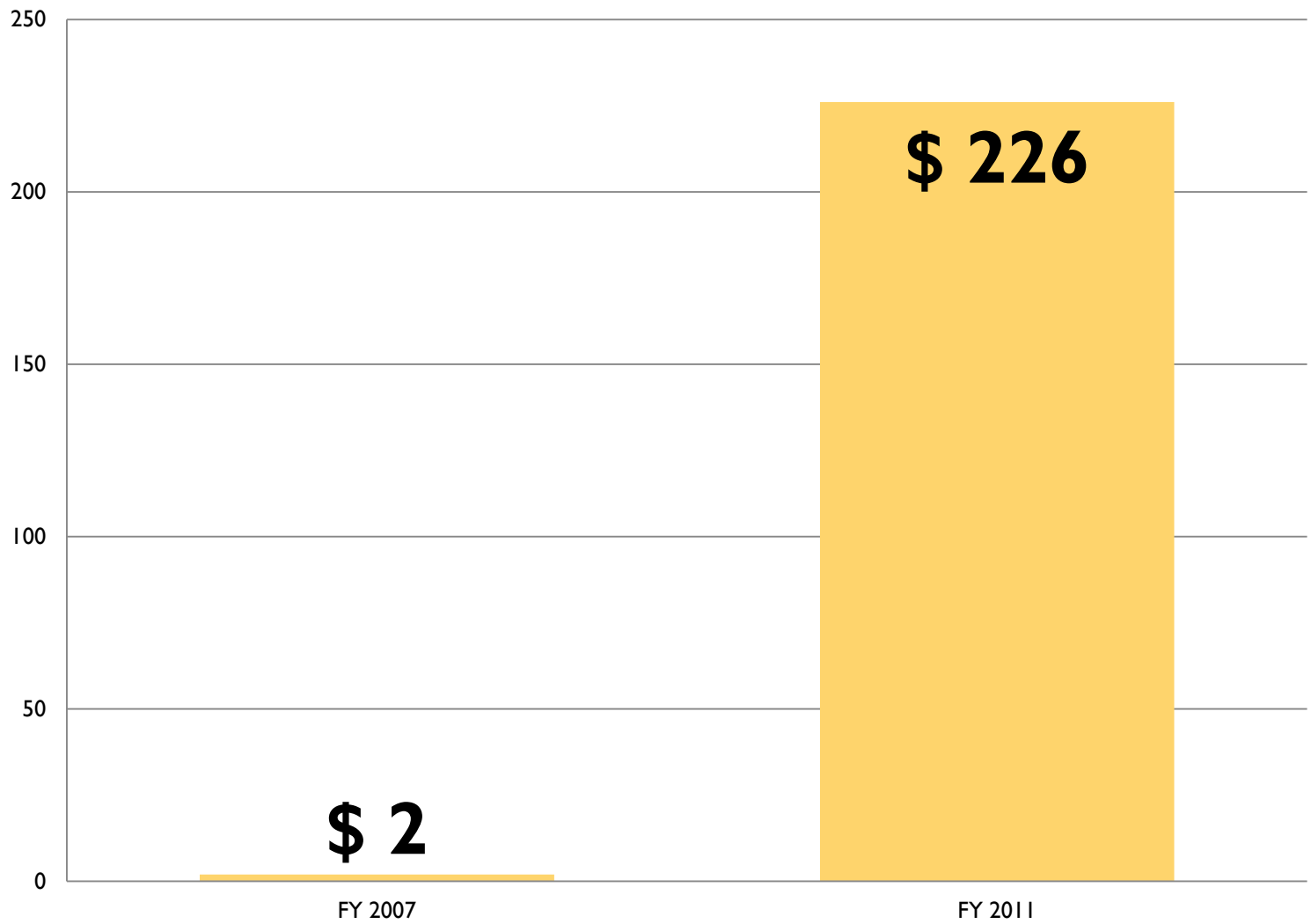
Shining City by the Bay



WHY EVEN LOOK AT THIS?

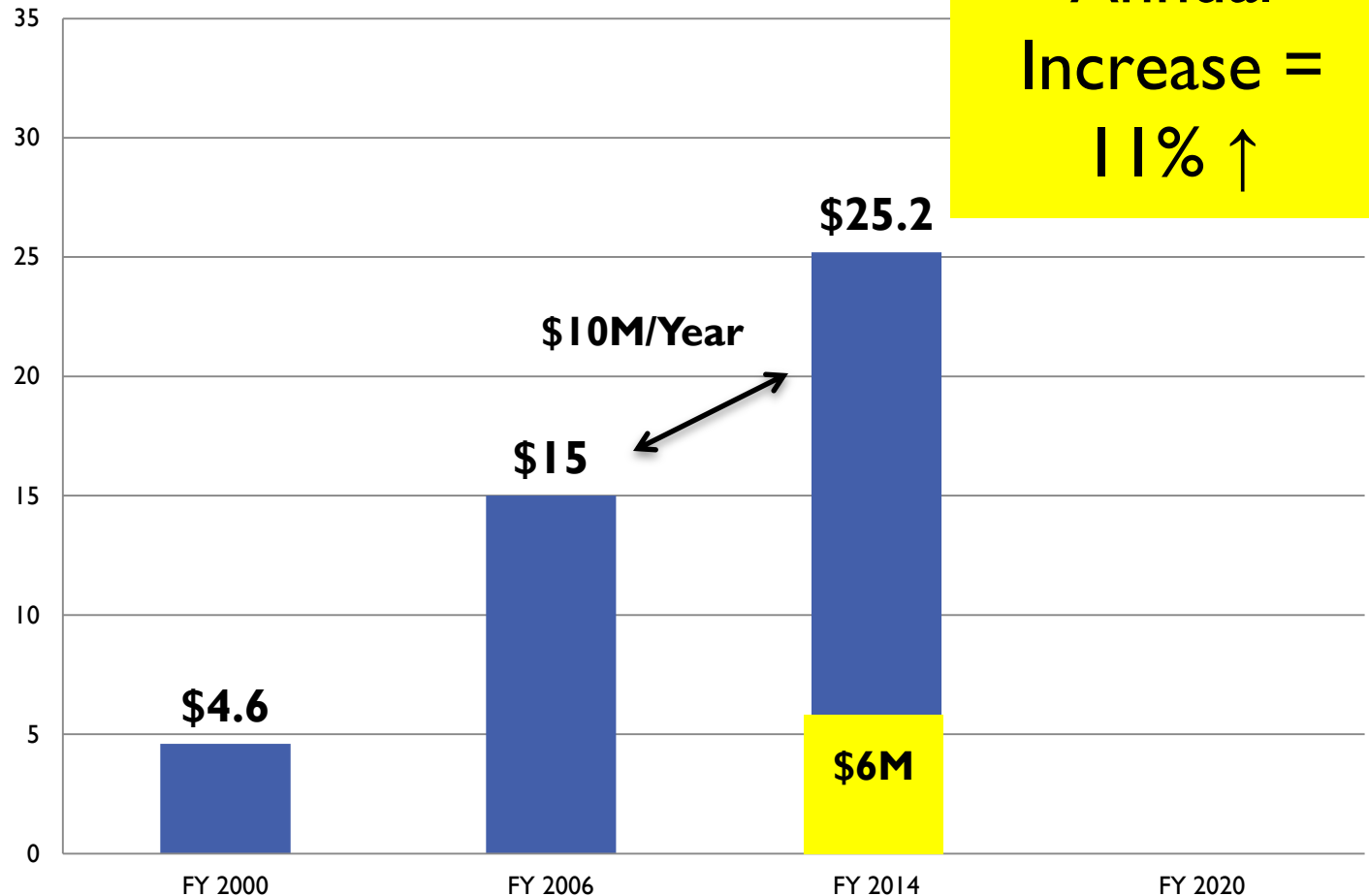
WHY OUTSOURCE?

Unfunded PERS Liability (in millions)

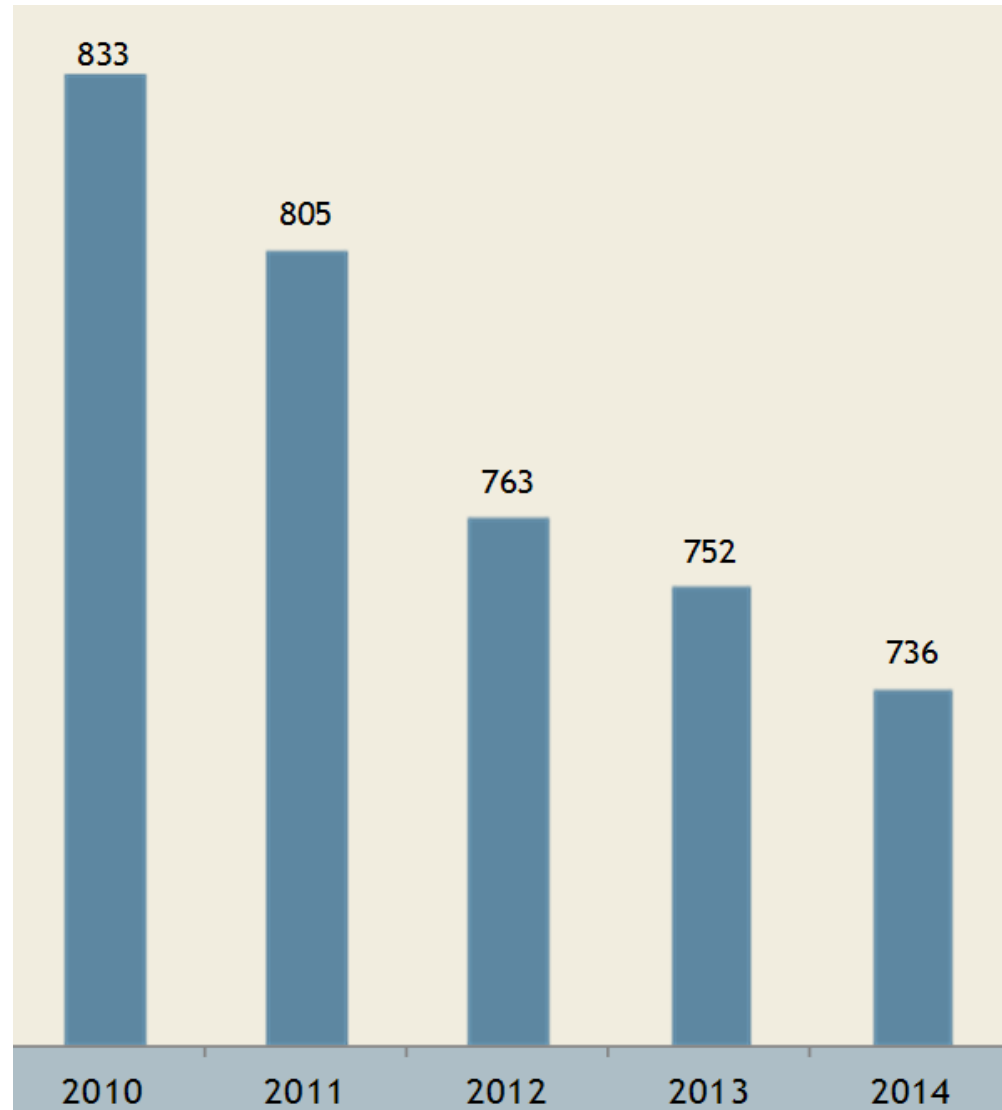


City Retirement Payments

Amounts Paid to PERS
(in millions)

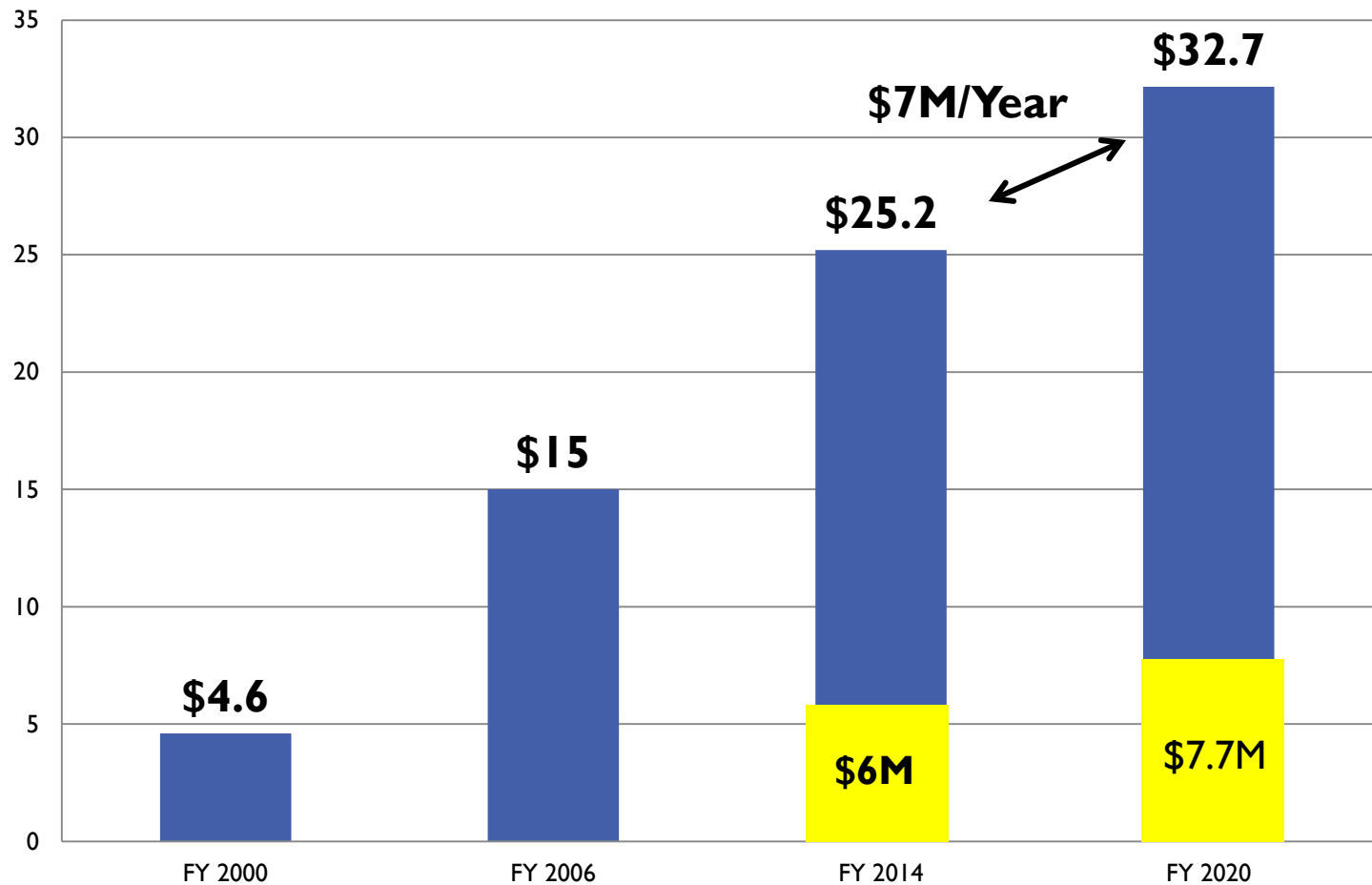


2009-10 vs. 2013-14



Future City Retirement Payments

Amounts Paid to PERS
(in millions)





PERS Future – Annual Payments

\$25,200,000 - 2014

\$32,700,000 - 2020

\$43,000,000 - 2030

\$51,000,000 - 2039



Health Care

7.4% ↑ - this year

6.7% ↑ - next year



HOW WE OUTSOURCE



Is it something the
private sector does
well?

What's the state of our
own service?
Can we avoid layoffs?

Are there enough
quality vendors from
which to select?

Is a quality contract
available?
Does the City have the
skills to manage it?

Are there cost savings
enough to weigh
against the challenge of
change?

Outsourced

- Refuse Transfer & Materials Processing (July 2008) – CR&R
- Alley Sweeping (September 2008) - Sunset Environmental Services.
- City Facilities trash collection (November 2008) - Ware Disposal.
- Street Sweeping (April 2010) - Athens Services.
- Beach Refuse Collection (Feb 2011) - Rainbow Disposal.
- Park and Beach/Street End Can Collection (Jan 2013) - Robert's Waste
- Newport Coast, Newport Ridge, Crystal Cove (Nov 2007) – CR&R
- Street Light Operations and Maintenance (June 2013) - International Line Builders.
- Sewer video inspection (June 2013) - Houston and Harris PCS.
- Landscaping (Summer 2013) - Pinnacle Landscape
- *Parking Meter Collection and Enforcement (Summer 2011) - CPS*
- *Parking Lots Management (Summer 2013) - CPS*
- *Economic Development (Winter 2009-10) - various*



STATE OF OUR REFUSE SERVICE

Our Workforce

Issue/Staffing	Earlier Workforce	Now in 2013
Supervision	2	2
Transfer Station Crew Chief	1	1
Refuse Workers	25	16
On Workers Comp		(2)
<i>Collection staff remaining</i>		14

OT and Workers Comp

Issue	Data
Overtime	
Unplanned Overtime	515 hours in FY 13-14, within just five pay periods. Just 167 hours in FY 12-13
Worker's Comp	
Number of Cases	23 in last 3 years
Amount of Hours Lost	678 hours in last 3 years
Claims and Claims Admin Costs	\$350,000 in last 3 years

Whatever the Council decides tonight, it should move to an automated system.

2012 Total Compensation - Newport Beach Refuse Division

Positin Title	Base and Specialty Pay, plus OT	Health & Retirement, net of 8% paid by EE	Adjusted Total Comp	Annual Leave Accrual per MOU	Adjusted Total Comp + Leave
	A	B	A + B	C	A + B+ C
Refuse Worker II	\$ 72,853	\$ 27,089	\$ 99,942	\$ 6,409	\$ 106,351
Refuse Worker II	\$ 61,894	\$ 25,620	\$ 87,513	\$ 7,280	\$ 94,794
Refuse Worker II	\$ 74,803	\$ 27,129	\$ 101,932	\$ 5,956	\$ 107,889
Refuse Worker II	\$ 65,399	\$ 25,658	\$ 91,057	\$ 6,855	\$ 97,912
Refuse Worker I	\$ 56,659	\$ 24,521	\$ 81,180	\$ 4,777	\$ 85,957
Refuse Worker I	\$ 65,832	\$ 26,067	\$ 91,899	\$ 4,796	\$ 96,695
Refuse Worker II	\$ 65,558	\$ 25,882	\$ 91,440	\$ 4,373	\$ 95,813
Refuse Worker II	\$ 72,613	\$ 27,019	\$ 99,632	\$ 5,956	\$ 105,588
Refuse Worker I	\$ 58,595	\$ 24,804	\$ 83,400	\$ 4,796	\$ 88,195
Refuse Worker II	\$ 71,742	\$ 26,911	\$ 98,654	\$ 6,855	\$ 105,509
Refuse Worker II	\$ 71,172	\$ 26,002	\$ 97,174	\$ 7,308	\$ 104,483
Refuse Worker II	\$ 74,406	\$ 27,166	\$ 101,572	\$ 6,855	\$ 108,427
Refuse Worker I	\$ 64,005	\$ 25,722	\$ 89,727	\$ 4,384	\$ 94,111
Refuse Worker II	\$ 65,200	\$ 25,519	\$ 90,720	\$ 3,970	\$ 94,689
Refuse Worker II	\$ 66,431	\$ 26,155	\$ 92,586	\$ 5,049	\$ 97,636
Refuse Worker I	\$ 58,192	\$ 24,796	\$ 82,988	\$ 4,796	\$ 87,783

Our Equipment

Issue	Data
Our Fleet	
Compliant CNG Trucks	4
Non-Compliant Diesel trucks	11
-- Aged 16+ years	5
-- Aged 11 – 15 years	5
Estimated Cost of New CNG Trucks	\$250K ea
Amount in Vehicle Replacement Reserve	\$4.3 M



THE RFP PROCESS AND RESULTS

RFP Process

Activity	Date
<ul style="list-style-type: none">• City Council Meeting – Retain HF&H• City Council Meeting – RFP Discussion• City Council Finance Committee Meeting - RFP Refinement• City Council Meeting - RFP Refinement• Release of RFP• Proposals Due• Proposal Summaries and Questions Sent to Proposers• Responses to Questions Due• Follow-ups/Clarifications with Proposers• City Council Meeting – RFP Analysis & Rec.	<ul style="list-style-type: none">• January 2012• February 26, 2013• March 25, 2013• April 23, 2013• May 13, 2013• June 28, 2013• July 18, 2013• August 2, 2013• August 2013• September 10, 2013



Proposal Paths

Path 1: Like it is Now (Manual Collection)	Path 2: Semi-Automated System w/Voluntary Recycling
<ul style="list-style-type: none">• Unlimited Set Out• Manual Collection• Single Stream Collection• Processing of all Waste to Recover Recyclables• Customer-Provided Containers	<ul style="list-style-type: none">• Unlimited Set Out• Automated Collection (mix of semi- and full automation)• Voluntary Recycling – you can get a recycling container• Some Processing of Mixed Waste• Hauler-Provided Containers



Proposers

Proposer	Ownership
<ul style="list-style-type: none">• Athens Services• CR&R Inc.• Newport Beach Employee League• Newport Recycles• Rainbow Environmental Services• Republic Services• Ware Disposal	<ul style="list-style-type: none">• Private• Private• City• Private• Private• Publicly-Traded• Private



Seven-Year Net Cost to City

Proposer	Path	7-Year Net Cost to City	Difference from Current City Operations	
			\$	%
1. CR&R	2	\$ 18,582,000	\$ (17,013,000)	-48%
2. Ware	1	\$ 21,422,000	\$ (14,173,000)	-40%
3. CR&R	1	\$ 22,039,000	\$ (13,556,000)	-38%
4. Ware	2	\$ 23,426,000	\$ (12,169,000)	-34%
5. Rainbow	2	\$ 27,251,000	\$ (8,344,000)	-23%
6. Republic	1	\$ 28,576,000	\$ (7,019,000)	-20%
7. Republic	2	\$ 28,576,000	\$ (7,019,000)	-20%
8. Athens	1	\$ 30,125,000	\$ (5,470,000)	-15%
9. N.B.E.L. (1)	2	\$ 32,099,000	\$ (3,496,000)	-10%
10. Athens	2	\$ 33,152,000	\$ (2,443,000)	-7%
11. Rainbow	1	\$ 33,635,000	\$ (1,960,000)	-6%
12. N.B.E.L. (1)	1	\$ 34,153,000	\$ (1,442,000)	-4%
13. Current City Operations	1	\$ 35,595,000	\$ -	-
14. Newport Recycles	1	\$ 49,881,000	\$ 14,286,000	40%
15. Newport Recycles	2	Not Proposed		

(1) As proposed plus Recycling Fee add back of \$941,000.



Lowest Cost Proposers: CR&R and Ware

	CR&R	Ware
MRF for Mixed Waste Processing	CR&R	City's CR&R contract
Newport Beach Experience	Newport Coast, Santa Ana Heights, Commercial non-exclusive	City Facilities, Commercial non-exclusive
Residential Experience	27 cities	Laguna Woods and unincorporated L.A. and Orange county areas
Reference Check Score (1)	4.2	3.7

(1) 5 = Exceptional Performance, 4 = Above Expectations, 3 = Satisfactory, 2 = Below Expectations, 1 = Unsatisfactory





HOW WOULD THE SERVICE WORK?

Service

Issue	Current System	Path #2 - Recommended
CANS		
All of my trash will be picked up.	Y	Y
I can have as many cans as I need.	Y	Y
I can have a can size that fits <u>my space</u> – side yard, garage, wherever.	Y	Y
If I want to put out extra bags by the cans I can do so.	Y	Y
RECYCLING AT HOME		
I don't want to recycle at home	OK	OK
I want to recycle at home	N	Y

Service

Issue	Current System	Path #2 - Recommended
CONVENIENCE		
If I set out bags by the cans, they'll be collected.	Y	Y
If I set out larger items beside the trash, they'll be collected.	Y	Y
If I am disabled and need side-yard "can pull-out service", I can get it.	Y	Y
There won't be an earlier start time because of a recycling truck	Y	Y
BULKY ITEMS		
Someone will pick up my refrigerator, other big appliance	Private Hauler, fee	Y
Someone will pick up my sofa or mattress.	Private Hauler, fee	Y

Service

Issue	Current System	Path #2 - Recommended
WHO PAYS?		
My trash is collected at no charge to me.	Y	Y
The city pays for new cans.	N	Y
Costs of any new contract won't be passed on to me.	N/A	Correct
AUTOMATION v. MANUAL		
Will some of the community have to remain manually-collected?	Y – But automated is coming	N – some semi-automated, though
Use only AQMD Compliant (CNG) vehicles	4 now, purchase more	Y

Service

Issue	Current System	Path #2 - Recommended
NEW PROGRAMS – IF NEGOTIATED		
Sharps - Dispose-by-mail program	N	Y
Community Shred-it Days	N	Y
Mulch give-away days	N	Y
Compost and wood chips for City parks/parkways	N	Y
EXPERIENCE/CUSTOMER SATISFACTION		
Direct experience in Newport Beach	Y	Y
“Very Satisfied” ranking in 2010 Community Survey	Y	Y

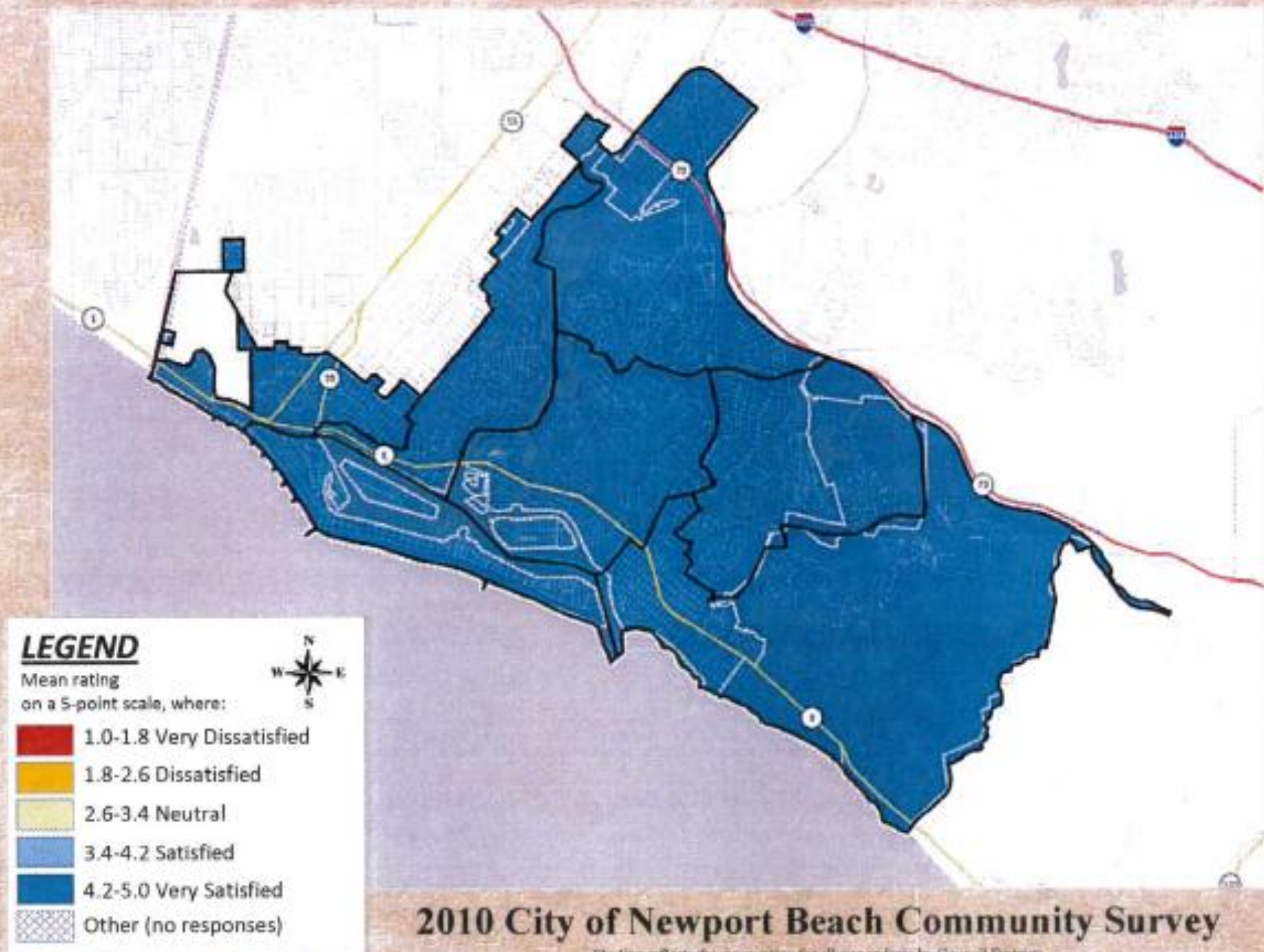


KEY ISSUES RAISED

How do we know the service is good?

- Demonstrated good service in our community (for CR&R, for example):
 - Newport Coast, Newport Ridge
 - Crystal Cove
 - Bonita Canyon
 - Santa Ana Heights
 - Bay Knolls (Costa Mesa SD)
- Ware current provider to City facilities

Q12a Satisfaction with residential trash collection services



Of the Wealthiest California Communities...

- Belvedere - Private (Mill Valley Refuse)
- Rancho Santa Fe – Private (Waste Mgmt)
- Atherton – Private (Recology)
- Rolling Hills – Private (Waste Mgmt)
- Woodside – Private (Greenwaste)
- Portola Valley – Private (Greenwaste)
- Newport Coast – Private (CR&R)
- Hillsborough – Private (Recology)
- Fairbanks Ranch – Private (Waste Mgmt)
- San Marino – Private (Athens)
- Palos Verdes Estates – Private (Athens)
- Malibu – Private (Waste Management)

Orange County Cities

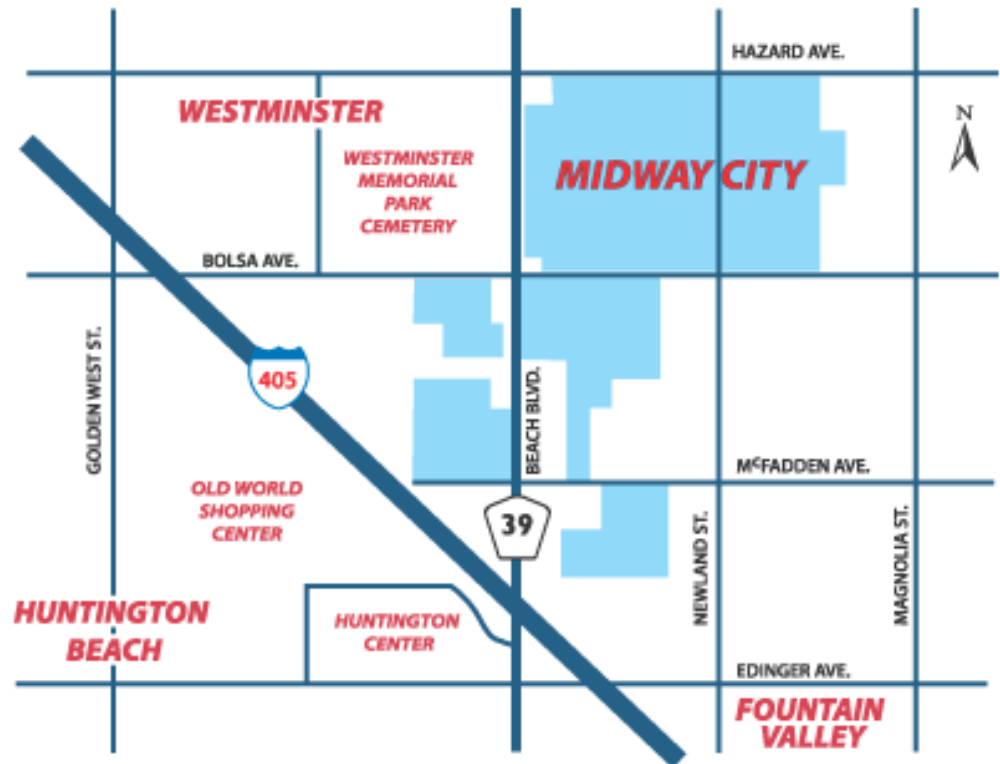
PRIVATE:

- Aliso Viejo
- Anaheim
- Brea
- Buena Park
- Costa Mesa
- Cypress
- Dana Point
- Fountain Valley
- Fullerton
- Garden Grove
- Huntington Beach
- Irvine
- La Habra
- La Palma
- Laguna Beach
- Laguna Hills
- Laguna Niguel
- Laguna Woods
- Lake Forest
- Los Alamitos
- Mission Viejo
- Orange
- Placentia
- RSM
- San Clemente
- SJC
- Santa Ana
- Seal Beach
- Stanton
- Tustin
- Villa Park
- Westminster
- Yorba Linda

Orange County Cities

- **PUBLIC:**

- Newport Beach (partial)
- Midway City (uninc)



“They won’t be able to handle our geography”

- Most of the community = automated.
- Tighter spots = semi-automated (roll the can to the back of truck and a lift flips it in)
- This works in other tight places, like Laguna Beach.

Contract and Cost

- No cost to the customer – today or tomorrow.
- Contract proposed is for seven years.
- 2.5% CPI = less than expected City cost increases
- It has a term – it can be re-bid.
- It has service standards.
- It has penalties.
- The City today successfully manages CR&R, Ware, and several other refuse contractors.

What does \$17M mean?

- Allows us to manage increasing pension costs, while still investing in the community.
 - Ongoing savings help fill \$5-7M pension gap.
 - One time savings = community investment now:
 - Streets
 - Westside facilities and streetscapes (PCH, Balboa)
 - more
- Can even further enhance refuse collection:
 - More bulky item days
 - A sharps program
 - Container pull-out for those who need it.
 - Shred-it days

Our employees deserve to be protected!

- They do.
- Agreement with OCEA/NBEL
 - All employees guaranteed a good choice:
 - Stay with the City – likely in other field positions.
 - Work for the private provider, with an incentive
 - Retire, only if desired.



CONCLUSION

Why this is Important

- The health of our city depends upon:
 - Reducing heavy city costs (retirement, WWC, Health)
 - Without compromising service
 - Without impacting public safety
 - While still keeping the community looking good.
- And no one will lose their job.

Recommendation

- Negotiate draft contract with CR&R and/or Ware
 - Council guidance on Path #1 or #2
 - Council could select other provider(s)
- Return to City Council for contract adoption (Oct-Nov 2013)